

**FREIGHT MOBILITY STRATEGIC INVESTMENT BOARD**  
**MEETING MINUTES**

**March 15, 2019**  
**Kalama, WA**

Board Members Present: Mr. Dan Gatchet, Chair; Mr. Leonard Barnes; Mr. Matt Ewers; Mr. Johan Hellman; Mr. Pat Hulcey; Mr. John McCarthy; Mr. Art Swannack; Mr. Bob Watters; and Mr. Ben Wick.

Board Members Not Present: Mr. Erik Hansen, Secretary Roger Millar, and ex officio Mr. Aaron Hunt.

**WELCOME**

Chair Dan Gatchet opened the meeting with welcoming comments, and Board members introduced themselves. Mr. Eric Yakovich, Port of Kalama Economic Development Manager, welcomed the Board and gave a brief overview of what to expect on the port tour.

**MINUTES**

***JANUARY 18, 2019***

*Chair Gatchet entertained a motion to adopt the January 18, 2019 Board meeting minutes as presented. Mr. Ewers so moved and Mr. Swannack seconded the motion.*

***MOTION CARRIED***

***FEBRUARY 15, 2019***

*Chair Gatchet entertained a motion to adopt the February 15, 2019 meeting minutes as presented for the special Board meeting on triple trailer legislation. Mr. McCarthy so moved and Mr. Hulcey seconded the motion.*

***MOTION CARRIED***

**FMSIB BUDGETS (2017-19 & 2019-21)**

Director Ziegler reviewed the Operating and Capital Budgets.

***Operating Budget***

The 2017-19 biennial budget is running as forecasted at 90 percent, which will leave about \$70,000 unspent. Any remaining balance will be re-appropriated for the 2019-21 Biennium. The 2019-21 budget will be \$60,000 less since the Road-Rail Study is complete. Mr. Swannack asked if there would be additional money in the budget for FMSIB staff transition and the Air Cargo Study. Director Ziegler stated that the budget is the last thing to be adopted by the Legislature; however, \$59,000 is currently included in the draft Operating Budget for staff transition (enough to cover one extra staff for three months of cross-training) and leave buyout. Senator Karen Keiser sponsored the Air Cargo Study. There has been discussion about funding it with one FTE split among FMSIB, Department of Commerce, and WSDOT. She also wants coordinating and marketing elements included in this study. FMSIB might also receive an

increase in appropriations to serve on the proposed statewide commercial aviation coordinating commission, which would address a second alternative airport site to SeaTac. This commission would have a very aggressive schedule.

### *Capital Budget*

When FMSIB submitted its 2018 Supplement Budget, it went from \$50 million in the biennial budget to \$53 million in the supplemental budget, primarily due to two delayed projects. The 2019 Supplemental Budget drops to \$32 million, which is based on improved forecasting for projects not anticipated to be complete by June. Of the \$32 million, \$5 million has been paid on reimbursement requests. Director Ziegler pointed out that this spending trend has been consistent historically.

Mr. Barnes asked how FMSIB can get the money off the sidelines for these delayed projects and put it to good use while honoring the original commitment. Mr. McCarthy suggested a two-tiered funding approach that is worth further discussion at the workshop. One tier would be the first money in and would likely take much longer to expend the money. The second tier would be last money in when a project is ready to go and money can be spent quickly. Mr. Swannack pointed out money for maintenance projects would likely be spent sooner. Director Ziegler shared a few policy choices to be discussed at the workshop. One choice would be to fund projects where FMSIB monies are the last dollar in. The other option is to over program and award the money to the projects that are completed first.

Director Ziegler reviewed the Project Risk Assessment Chart and highlighted the City of Kent's S 228<sup>th</sup> Street Extension & Grade Separation (Phase 1 & 2) as the most significant change. At the November 2018 Board meeting, the city assured the Board they anticipated to spend the \$4.5 million award money by June 30, 2019. At that time, FMSIB informed the city that the money must be spent by June 30 or they would not receive it, since the money would not be included in FMSIB's 2019-21 Budget. The city has now advised they will only be able to spend \$1 million by June 30 and will need \$3.5 million in 2019-21. This change affects federal and UP funding sources. The legislative staff is working on getting these two sources added to the 2019-21 budget.

Chair Gatchet questioned if FMSIB should be more aggressive with project sponsors in keeping their commitments to spend money on time. Director Ziegler noted that to some degree pressure could work as seen with the Kent City Council who are now dedicating money to the project. Mr. McCarthy pointed out that Kent has two 2004 projects and asked if Kent was going to pick one. Director Ziegler explained that Kent's S 212<sup>th</sup> St BN Grade Separation Project is up for review to cancel in November 2020. Kent's Willis Street Project was already canceled. Director Ziegler pointed out Tukwila's Strander Blvd/SW 27<sup>th</sup> to West Valley Hwy is another high-risk project since the project costs have increased to \$70 million. The City of Tukwila was required to complete a Valued Engineering study in January. Mr. Watters asked about what happens to projects like this that undergo such significant changes and have little opportunity to close the funding gap. Director Ziegler explained the granting agencies for the Tukwila project would look at the project slightly differently but agree the cost has to be reduced. It could go to the Legislature after all other efforts have been made to reduce the cost. Mr. Ewers asked if the project has to resubmit to FMSIB when there is a material change in the design and construction

of the project. Director Ziegler explained that FMSIB has not adopted a specific policy requiring a review; however, as seen with the City of Lacey Hogum Bay project, FMSIB can request verification to ensure freight benefits have not changed. Director Ziegler plans to bring a list of projects to the May workshop that he recommends deferring. Mr. Wick pointed out that everyone wants to be the last dollars in, and FMSIB is one of the few that offers first dollars in. Mr. Swannack stated that it often takes the first money in before other sponsors will commit. Director Ziegler will bring an updated Fund Balance Chart to the workshop.

### **DIRECTOR'S REPORT**

Please see the meeting packet (posted at [www.fmsib.wa.gov](http://www.fmsib.wa.gov)) for further details on the following topics addressed in the Director's Report:

- *FMSIB Member Appointments*

Based on the Director's conversations with the Governor's Office, it appears the county appointment should be made in time for the May Board meeting.

Chair Gatchet shared that he met with Keith Swenson, Governor's Office, to discuss his reappointment status and FMSIB in general. Mr. Swenson asked about the new Board members and FMSIB's relationship with WSDOT. Chair Gatchet said the new members were fantastic, and he was glad to have Secretary Millar attend our Board meetings, unlike prior WSDOT Secretaries. Chair Gatchet requested the county appointment be made as soon as possible. Keith assured it would be completed after Session. Director Ziegler shared that in his conversations with Keith, he was very complimentary of Dan.

- *Project Status Updates*

- o *Port of Seattle – East Marginal / Diagonal / ARGO Rail Yard*

The final phase of this multiphase project should be completed early in 2019. For further details, see agenda item titled, "Project Review-East Marginal Way Overcrossing to Argo Yard."

- o *Port of Kalama – Industrial Rail Additions*

This project was awarded \$2.4 million in FMSIB's 2018 Call for Projects. It adds rail capacity to the TEMCO Grain Facility to remove trains from the mainline faster and provide quicker unloading with a second grain car dump facility.

- o *City of Kent – S. 228<sup>th</sup> Street Grade Separation (UPRR):*

This grade separation project has languished since the 2004 FMSIB award. The federal funds are in danger of lapsing, so the Board requested a status briefing from the City. The City attended the Board's September meeting in Walla Walla to provide a progress report on development of this project and to assure the Board that the federal funds would be expended by June 30, 2019. Due to recent developments on the project schedule, federal funding expenditure will spill over well beyond June 30. As a result, Director Ziegler is working with House and Senate staff to ensure FMSIB's 2019-21 Budget submittal (prepared last fall) accommodates this delayed project schedule so federal funds are not lost.

- *JTC Air Cargo Study*  
Director Ziegler has had several meetings with legislative staff, WSDOT, and the Department of Commerce to discuss potential future roles for FMSIB.
- *Codification Legislation*  
Two bills were introduced in the 2019 Legislative Session (HB 2896 and SB 6830) and heard in their respective Transportation Committees. They did not survive the March 1 cutoff for fiscal committees.
- *FMSIB 20th Anniversary Recognition*  
To date, FMSIB has received \$22,500 in preliminary commitments from its partners, of which \$12,500 has already been invoiced by TVW. Further details provided under agenda item titled, "FMSIB/TVW 20<sup>th</sup> Anniversary Video Sponsorship."

Director Ziegler also shared with the Board of another opportunity to acknowledge FMSIB for 20 years of freight mobility services through the HistoryLink.org website. The types of articles commonly produced by and posted on HistoryLink.org include the following:

Feature Article / \$2,750

A feature article is an essay of up to 4,000 words. These essays tell the stories of people, places, events, and organizations.

Timeline Entry / \$1,250

A timeline entry is an essay of up to 1,500 words. The essays are organized by date and become part of our chronology of Washington State history that provides a sense of how the event relates to other things happening across the state.

- *New Law Transportation Budget Proposal*  
This package of three bills (SB 5970, SB 5971, and SB 5972) provides new funding for several state and local transportation needs for the next 10 years. FMSIB is provided an additional \$10 million per biennium. Ironically, the money is codified in the legislation. Director Ziegler attended Senator Hobbs' hearing on this bill and signed in support of, but did not testify on, SB 5972 (the appropriations bill, which allocates the funding to FMSIB). Director Ziegler did not sign in on the other two bills. SB 5970 provides bonding authority (FMSIB is not affected). In addition, SB 5971 raises several fees, including weight fees (and the Board has not discussed a position on this topic, though it would be a great workshop topic in May). Testimony on the package of bills on February 28 was mostly supportive.

The Senate Transportation Committee passed all three bills out of committee, the revenue bill (SB 5971) mostly on a party-line vote.

Chair Gatchet asked if Director Ziegler signs-in on a bill as FMSIB or as Brian Ziegler. Director Ziegler stated that he did not testify on any bills, but he did feel comfortable signing-in in favor of the expenditure bill, which gives FMSIB \$50 million in codified money. Mr. Ewers expressed a concern about supporting a revenue package at any cost. We want to make sure it is coming from a good funding source.

- *2018 Annual Report Mailings*  
Over 750 copies of the 2018 Annual Report were distributed.
- *Freight Mobility Outreach (Meetings and Conferences)*

### **BOARD MEMBER REPORTS**

Mr. Hulcey attended and spoke on FMSIB's behalf at the Burlington Northern Overpass Project ribbon cutting on January 23, 2019. Mr. Hulcey also testified on the new revenue Transportation Bill in both the House and the Senate.

### **PROJECT REVIEW-EAST MARGINAL WAY OVERCROSSING TO ARGO YARD**

Director Ziegler gave a PowerPoint presentation on the three phases of this project. The East Marginal Way Ramps-Phase 1 and East Marginal Way Truck Crossover-Phase 2 are both complete. The last phase, Diagonal and Argo Yard Gates, is anticipated to be completed early 2019. Director Ziegler shared photos of the project tour he attended on January 31. It currently takes about 3 minutes to complete the processing for trucks. Once Phase 3 is complete, it will take about 45 seconds. FMSIB's total contribution for these three phases is \$11.64 million.

### **LEGISLATIVE UPDATE**

Director Ziegler highlighted a few new updates to the Legislative Update for March Board Meeting summary which was included in the Board packets. *SB 5370/HB 1683* passed Senate on March 11. This bill proposes to create a state commercial aviation coordination commission in which FMSIB is to hold a position. *SB 5830/HB 1897* concerning vehicle combinations that may be operated on public highways did not pass Senate cutoff. *HB 1712/SB 5883* authorizing vehicles or combinations of vehicles carrying farm products to exceed total gross weight limits by two thousand pounds passed Senate and is scheduled for a House Transportation hearing. *SB 5506* concerning trucks parking at rest areas passed Senate. *HB 2132* addressing the completion of the planned construction of various facilities by advancing construction; issuing bonds; and tolling portions of Interstate 405, State Route 167, and State Route 509 is scheduled for a House Transportation Committee hearing on March 14. Director Ziegler will evaluate schedule and budget impacts this bill may have on FMSIB's 70th Avenue Undercrossing Project. FMSIB's codification bill did not move forward.

### **PORT OF KALAMA PRESENTATION**

Mr. Eric Yakovich, Port of Kalama Economic Development Manager, provided a PowerPoint presentation of the port's history, mission, and development. He reviewed FMSIB past port projects: Kalama River Industrial Park (completed 1999) and TEMCO Rail (completed 2004). In 2018, FMSIB awarded the port a new project, TEMCO Rail Expansion Right of Way. Mr. Yakovich stated it is the port's responsibility to provide public recreation for the community and to create family wage jobs. Grain continues to be the largest industry at the port. The new Mcmenamins Kalama Lodge is the third largest employer at the port, and it has been three times more successful than expected. The port is aware of the signage problem to Mcmenamins, and plans for improvement will be implemented in approximately 45 days. The port has not levied any taxes since 1996.

The Board took a tour of the Port of Kalama projects.

### **CONNELL PROJECT STATUS**

Mr. Ron Pate, Director for WSDOT Rail, Freight, and Ports gave an update on the Connell project. WSDOT has taken the lead on this project and will be attending a meeting on March 26 in Connell with representatives from economic development, rail, and ports. This meeting is to develop deliverables, expectations, and planning for a grant. WSDOT is currently reviewing the grant application for improvement. Mr. Pate will soon be meeting with FRA and Connell will be included in those discussions. WSDOT will continue to monitor the BUILD and CRISI grants. If there are no funding partners, this project will likely not go anywhere.

*Chair Dan Gatchet departed at 12:30 p.m., requesting Mr. Art Swannack fill the role of acting chair for the remainder of the meeting.*

### **FGTS UPDATE-JASON BELOSO, WSDOT**

Mr. Beloso gave a brief update on FGTS, which is part of FMSIB's project selection criteria and is required to be updated every two years. The next update is due in 2019. WSDOT is reviewing the gaps in state and federal network designations, first/last mile, and county data. MPO/RTPOs have been requested to coordinate with local jurisdictions for data. WSDOT is expecting the information by May. Mr. Beloso suggested the FMSIB November Board meeting in Fife would be the best time for Ms. Wenjuan Zhao to present the 2019 FGTS results.

### **FMSIB/TVW 20<sup>TH</sup> ANNIVERSARY TVW VIDEO SPONSERSHIP**

The TVW video has aired almost 100 times since starting in January. To date, \$17,500 in sponsorship money has been pledged and \$12,500 has been received. WPPA and WSAC have contributed \$5,000 each. AWC has pledged \$5,000, but the money has not been received. BNSF contributed \$2,500. Mr. Watters stated the SSA Marine would contribute \$2,500. WTA considered the request but declined to participate. The Board discussed if FMSIB should pay the balance, which would be at least \$5,000. The Board will pay \$5,000 but will postpone taking action until the May Board meeting when the final balance is available.

The Board discussed whether to fund a historical article for FMSIB's 20<sup>th</sup> Anniversary. The article would be produced by and posted on HistoryLink.org. The two options would be a Feature Article (\$2,750) or a Timeline Entry (\$1,250). Mr. Ewers wanted clarification who would write the material and if it would be a one-time fee. Director Ziegler stated that HistoryLink.org would write and produce the article, but FMSIB would have rights to it. Director Ziegler noted that it is a one-time fee and the contract is not burdensome. Mr. McCarthy and Mr. Watters agreed that \$2,750 is a good value considering you can use it for the annual report and post a link on the FMSIB webpage. Mr. Wick raised the question if it would be better to wait for another time since FMSIB just did the TVW spot. Director Ziegler suggested it might be best to do the article while the previous FMSIB directors are still available to contribute.

*Mr. Ewers made a motion to fund the historical article for up to \$2,750. Mr. Watters seconded the motion.*

***MOTION CARRIED***

**MAY 30 WORKSHOP AGENDA**

Director Ziegler reviewed several potential topics for the 2019 workshop. Based on Board discussion, the following topics will be included in the May workshop agenda:

- Federal Freight Funding Reauthorization, CAGTC
- Future of WAFAC
- FMSIB Capital Fund Reserves/Unallocated Funds
- Trucking, Rail, and Port Priorities
- FMSIB Position on Outside Commitments, e.g. Air Cargo Study
- FMSIB Position on Funding/Requiring Resubmittal When Significant Changes/Delays Occur
- FMSIB Policy/Procedure for Director Signing-in/Testifying/Lobbying on Bills

**NEXT MEETING**

*Acting Chair Art Swannack entertained a motion to hold the next FMSIB Board meeting on May 30-31, 2019 at Skamania Lodge in Stevenson, Washington. Mr. Wick so moved and Mr. Ewers seconded the motion.*

**MOTION CARRIED**

**MEETING ADJOURNED**

*Acting Chair Art Swannack entertained a motion to adjourn the meeting at 1:15 p.m. Mr. Watters so moved and Mr. Hulcey seconded the motion.*

**MOTION CARRIED**

  
\_\_\_\_\_  
Dan Gatchet  
Chair

  
\_\_\_\_\_  
Attest: Brian Ziegler  
Director